

## Message Text

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 CAB-02 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 OMB-01  
TRSE-00 NSC-05 /040 W  
-----081285 112109Z /15  
R 110309Z JUL 78  
FM AMEMBASSY SEOUL  
TO SECSTATE WASHDC 2189

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E.O. 11652: N/A

TAGS: EFIN, EAIR

SUBJECT: CIVAIR: CALIFORNIA PROPERTY TAX ON FOREIGN AIRLINES

REF: STATE 169382

1. WHILE U.S. CARRIERS ARE SUBJECTED TO VARIOUS NATIONAL AND LOCAL TAXES THEY ARE NOT SUBJECTED TO ANY TAXATION RESEMBLING PROPOSED CALIFORNIA PROPERTY TAX ON AIRCRAFT. MOREOVER, THE CARRIERS HAVE BEEN EXEMPTED FROM VALUE ADDED TAX (VAT) OF 10 PERCENT ON ALL SALES RELATING TO PASSENGER OR CARGO TRANSPORTATION.

2. NATIONAL TAXES APPLICABLE TO FOREIGN CARRIERS HAVING RESIDENT CORPORATION STATUS IN THE ROK INCLUDE A 15 PERCENT TELEPHONE TAX ON THE PHONE BILLING AND THE DEFENSE SUR-TAX LEVIED ON A VARIETY OF NATIONAL AND LOCAL TAXES INCLUDING 10-20 PERCENT OF INCOME TAX, 20 PERCENT OF CORPORATION TAX, 10 PERCENT OF TELEPHONE TAX, 30 PERCENT ON LOCAL PROPERTY TAXES ETC.

3. CARRIERS ARE SUBJECTED TO A VARIETY OF LOCAL TAXES. THESE INCLUDE A SMALL CORPORATION RESIDENCE TAX OF \$60 TO \$75 ANNUALLY; A PROPERTY TAX RANGING FROM 0.3 TO 5  
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PERCENT ON LAND AND COMPANY-OWNED HOUSING; A 2 PERCENT ACQUISITION TAX PAID ON ACQUIRING ORDINARY PROPERTIES; A 3 PERCENT REGISTRATION TAX FOR REGISTRATION OF REAL ESTATE AND AUTOMOBILE; AND AUTOMOBILE TAX ON COMPANY AND PRIVATELY-OWNED VEHICLES WHICH VARIES BY SIZE OF THE AUTOMOBILE AND A BUSINESS-PLACE TAX ASSESSED ON FLOOR SPACE AND NUMBER OF EMPLOYEES.

4. RESIDENT MANAGERS CONSIDER MOST OF THE ABOVE TAXES  
AS ONEROUS RATHER THAN BURDENSOME. ONE COMPLAINT NOTED,  
HOWEVER, IS THAT ALTHOUGH FOREIGN AIRLINES ARE EXEMPT  
FROM THE VAT, THEY ARE REQUIRED TO PAY A 2 PERCENT  
PENALTY ON THE VALUE OF THE TRANSACTION IF AN ERROR  
IS FOUND, INCLUDING TYPOGRAPHICAL ERROR, IN THE  
PREPARATION OF THE VAT TAX NOTICE.  
STERN

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TAX LAW, CIVIL AVIATION, AIRLINES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978SEOUL05981  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780284-0298  
**Format:** TEL  
**From:** SEOUL  
**Handling Restrictions:** n/a  
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**Legacy Key:** link1978/newtext/t19780774/aaaackbt.tel  
**Line Count:** 71  
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**Litigation History:**  
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**Message ID:** d5edce77-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 STATE 169382  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2050501  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CIVAIR: CALIFORNIA PROPERTY TAX ON FOREIGN AIRLINES  
**TAGS:** EFIN, EAIR, KS, US  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/d5edce77-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
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20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014